



Distr.
GENERAL

IDB.17/26
19 June 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Seventeenth session

Vienna, 23-27 June 1997

Item 12 (a) of the provisional agenda

THE REGIONAL DIMENSION: AFRICA, IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

Alliance for Africa's Industrialization

Report by the Director-General

Summary

Presents key decisions related to the Alliance from the thirteenth meeting of the Conference of African Ministers of Industry, and highlights key elements of the Plan of Action for the Alliance.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1 - 2	2
Chapter		
I. LINKAGE WITH IDDA	3 - 9	2
II. ADOPTION OF THE PLAN OF ACTION	10 - 16	3
III. IMPLEMENTATION MECHANISM	17 - 19	4
IV. MANAGEMENT AND COORDINATION	20	4
V. PROGRAMME DEVELOPMENT	21 - 22	4
VI. FINANCING	23 - 25	4
VII. ACTION REQUIRED OF THE BOARD	26	5
Annex Declaration on Africa's Industrialization		6

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

Introduction

1. At its sixteenth session, the Board adopted decision IDB.16/Dec.13, which, *inter alia*, requested the Director-General to submit to the Board at its seventeenth session a more detailed report on the Alliance for Africa's Industrialization in which a clear managerial and financial structure of the Alliance and its linkages with the Industrial Development Decade for Africa (IDDA) would be provided, to ensure a coherent and consistent approach. The present document is submitted in compliance with that decision. In addition, the document provides information on the Alliance Plan of Action developed during the thirteenth meeting of the Conference of African Ministers of Industry (CAMI) and subsequently adopted by the Organization of African Unity (OAU) Summit.

2. It is important to underline that the Alliance and its Plan of Action are fully consistent with the new orientations and priorities for UNIDO as emanating from ongoing consultations among Member States. In particular, the four Alliance priorities provide a clear focus for UNIDO activities in Africa and are in concordance with the key activities identified by Member States. Similarly, the geographic focus of the Alliance is by its very nature on Africa, and in particular on least developed countries. The Alliance requires UNIDO to place emphasis on its global forum function and four selected priority areas, namely: (a) capacity-building for industrial competitiveness; (b) linking industry and agriculture to enhance productivity and competitiveness in agro-industries; (c) promoting growth in small and medium enterprises; and (d) promoting private investment and other forms of international industrial cooperation.

I. LINKAGE WITH IDDA

3. The Alliance for Africa's Industrialization was conceived by African countries as a means of accelerating the industrialization process in Africa and enabling African countries to emerge from the extended period of economic stagnation experienced by most countries during the past two to three decades.

4. At the thirty-second session of the OAU Summit held at Yaoundé, Cameroon, in July 1996, the Council of Ministers of OAU in resolution CM/Res.1663 (LXIV) recognized the Alliance as "a dynamic mechanism for the attainment of the goals and objectives of the Second IDDA".

5. The Alliance was launched at Abidjan, Côte d'Ivoire, on 23 October 1996, with 10 African Heads of State and Government and 37 Ministers and Vice Ministers of Industry assembled at the invitation of the President of Côte d'Ivoire. They adopted the Abidjan Declaration, confirming the full ownership of the Alliance

by Africans themselves, including the private sector, and emphasizing the linkages between the Alliance and other major United Nations initiatives for Africa as well as with the Abuja Treaty on the establishment of the African Economic Community.

6. The Heads of State and Government also requested UNIDO to act as interim secretariat for the Alliance and invited African Ministers of Industry "to elaborate, with the involvement of the African private sector, regional and subregional organizations and with the support of UNIDO and other relevant international organizations, a plan of action to be adopted by CAMI during its forthcoming thirteenth meeting at Accra, Ghana, in May 1997, to enable the operationalization of the Alliance." Finally, they also requested that the plan of action be submitted to the OAU Assembly of Heads of State and Government at its next summit at Harare, Zimbabwe.

7. The Alliance is seen not as a replacement of the Second IDDA programme but rather as a mechanism to supplement existing government support services and promotional efforts by helping to mobilize additional resources.

8. The goals of the Alliance for Africa's Industrialization are:

(a) To develop African-generated industrial development visions and strategies addressing, directly and effectively, Africa's principal economic problems of low industrial output, food insecurity, unemployment, poverty and environmental degradation;

(b) To stimulate increased international commitment to African industrial development and generate support for sustainable industrial growth and competitiveness in Africa through strengthening of national capacities at the policy, institutional and enterprise levels;

(c) To promote regional industrial relationships aimed at economies of scale and meeting the emerging demands in regional and international markets, within the context of environmentally sustainable development.

9. In consideration of the above, four thematic priorities were established for the Alliance:

(a) Capacity-building for industrial competitiveness;

(b) Linking industry and agriculture to enhance productivity and competitiveness in agro-industries;

(c) Promoting growth in small and medium enterprises;

(d) Promoting private investment and other forms of international industrial cooperation.

II. ADOPTION OF THE PLAN OF ACTION

10. The thirteenth meeting of CAMI took place at Accra, Ghana, from 26 to 28 May 1997, following the meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization in Africa, which met from 19 to 23 May 1997 under the theme "Africa's industrialization and the twenty-first century". As called for by the Abidjan Declaration, the Conference formulated and adopted the Plan of Action for the Alliance (see document IDB.17/CRP.4).

11. The meeting was attended by representatives from 41 African countries. In addition, the following regional and subregional organizations/institutions and inter-governmental organizations attended the meeting: African Regional Organization for Standardization (ARSO), African Regional Intellectual Property Organization (ARIPO), Organization of African Intellectual Property (OAPI), Economic Community of West African States (ECOWAS), Western African Monetary Union (UEMOA), Commonwealth Secretariat and World Association for Small and Medium Enterprises (WASME). The non-governmental organizations that attended included the African Federation for Women Entrepreneurs and the Ghana Association of Women Entrepreneurs.

12. In his message to the Conference the Secretary-General of the United Nations stressed the fact that Africa must face the challenge of maintaining peace and stability in the region by pursuing its own path to development and requesting international support to its efforts. He saw the Alliance as complementing the United Nations System-Wide Special Initiative for Africa, especially as it placed emphasis on forging partnerships between Governments and the private sector at the national, subregional and international levels.

13. The thirty-third Summit of OAU at Harare, Zimbabwe, 2-4 June 1997, in the Declaration on Africa's Industrialization adopted the Plan of Action as the implementation mechanism for a refocused IDDA II programme. (The full text of the Declaration is provided in the annex to the present document.) The implementation of the Plan of Action for the Alliance will be based on guiding principles mainly derived from the lessons learned from the mid-term evaluation of the Second IDDA¹ and the recommendations adopted by CAMI. These guiding principles are:

(a) Ownership of the Alliance by Africans themselves;

(b) Demand orientation and bottom-up approach in programme development;

(c) A dynamic relationship between national and subregional levels;

(d) Constructive partnerships involving new actors, from within and outside Africa, fully committed to the industrialization of Africa;

(e) Better integration into the world economy.

14. Seven objectives have been assigned to the Plan of Action by African leaders:

Objective 1: Transformation of African countries to newly industrializing countries during the next 15-20 years;

Objective 2: Establishment of Industrial Partnership Councils (IPCs) in each country to serve as a consultative mechanism between government and the private sector for the formulation of industrial development policies and strategies;

Objective 3: Industrial transformation of natural resources, particularly through the development of agro-industries;

Objective 4: Coherent strategies for the development of competitive small and medium industries;

Objective 5: Enhancement of institutional capacity-building, including human resources development, at the policy, institutional and enterprise levels, and integration of women in industry;

Objective 6: Regional and subregional integration in line with the provisions of the African Economic Community;

Objective 7: Mobilization of domestic and foreign direct investments and official development assistance to enable the financing of industrial programmes.

15. A matrix contained in the Plan of Action (IDB.17/CRP.4, annex II) indicates for each objective and action proposed the actors concerned as well as a time-frame for the implementation. In this context, UNIDO in cooperation with OAU, the Economic Commission for Africa (ECA) and other United Nations and international

¹ Information on the mid-term evaluation is provided in document IDB.17/22.

organizations concerned is requested to give full support to these efforts, especially at the national and subregional levels.

16. In order to get the Plan of Action rapidly in motion, the matrix also indicates short- and medium-term actions to be taken, with a clear priority given at the beginning to: establishment of or strengthening private and public sector consultative mechanisms (IPCs), improved coordination between the various stakeholders and partners of the Alliance, the setting up of a Steering Committee, the strengthening of UNIDO staff and financial resources directly involved with the implementation of the IDDA programme and Alliance Plan of Action, and the full integration of the Plan of Action within UNIDO priorities and programmes.

III. IMPLEMENTATION MECHANISM

A. Country level

17. The key formulation and implementation mechanism for the Plan of Action at the national level will be the Industrial Partnership Councils (IPCs), consisting of representatives of the private sector and government. UNIDO will assist countries in the establishment of IPCs, which will be responsible for the design of national Alliance plans of action. These will include specific programmes in line with national priorities for which the necessary resources will be mobilized. UNIDO Country Directors will be particularly involved in providing the support necessary throughout this exercise. The need for an adequate UNIDO field representation thus becomes more pressing, as this will represent a critical factor in supporting the achievement of the objectives of the Alliance at country and regional levels.

B. Regional level

18. A special Group of Patrons composed of Heads of State was proposed by CAMI and approved by the OAU Summit to serve as advocates for African industrialization.

19. To ensure adequate African involvement in the policy- and decision-making process of the Alliance and in order to institutionalize the link between the Bureau of CAMI and the Secretariat, an Alliance Steering Committee was established by CAMI and endorsed by OAU. The Steering Committee will consist of:

(a) Ministers of Industry of those countries whose Presidents are members of the Group of Patrons;

(b) The five Ministers of the Bureau of CAMI;

(c) Five eminent representatives of the African private sector.

IV. MANAGEMENT AND COORDINATION

20. A high-level task force has been established in the UNIDO Secretariat to provide overall guidance on UNIDO support for the Alliance and to ensure effective harmonization and coordination with other relevant UNIDO programmes and cooperating partners of the Alliance. This task force, which meets once a month, is chaired by the Director-General thus reflecting the high priority accorded to the initiative.

V. PROGRAMME DEVELOPMENT

21. Since the launching of the Alliance in October 1996 and while preparing the Plan of Action that was subsequently adopted by CAMI, UNIDO has allocated \$490,000 from regular budget funds initially earmarked for IDDA supplementary activities. These funds were utilized for initial needs assessment and preparatory assistance in selected countries under the four central themes of the initiative referred to in paragraph 9 above.

22. The initial needs assessment and preparatory assistance is based on programme concepts discussed during the Addis Ababa and Abidjan expert group meetings held in September and October 1996 in the preparation for the launch of the Alliance. These assessments will be further elaborated into country programmes and projects that will form the basis for the preparation of donor round tables in the course of the biennium 1998-1999.

VI. FINANCING

23. The Abidjan Declaration strongly emphasizes African ownership of the Alliance. However, African ownership needs to be translated into concrete actions by African leaders to support the initiative. In this regard, a proposal for the establishment of a special fund for the Alliance was discussed and approved by CAMI and fully endorsed by OAU. Consultations will be conducted by the Chairman of CAMI among Member States and funding agencies to raise pledges to the fund.

24. Resolution 3 (XIII) adopted by CAMI requests the Director-General to "organize during the last quarter of 1998 a meeting of donors under the leadership of the African Development Bank, in cooperation with the World Bank, the European Union and the United Nations Development Programme, as well as other donors, in order to decide on the measures to be taken for financing programmes elaborated in the framework of

the Plan of Action for the Alliance for Africa's Industrialization."

25. In addition, other financing options will also be considered:

(a) Development of high-impact integrated programmes under the four central themes with a view to attracting significant donor funding;

(b) Sectoral investment promotion forums at the national and subregional levels to attract private investment and foreign direct investment into agro-related industries. In this regard, subsectoral studies will be launched at country level to identify commodities

with high revealed comparative advantage and agro-industrial ventures with a high potential for attracting private investment and foreign partners.

VII. ACTION REQUIRED OF THE BOARD

26. The Board may wish to endorse the Plan of Action for the Alliance as the implementation mechanism for a refocused Second IDDA programme. In doing so the Board may further ensure that the Plan of Action and the Declaration on Africa's Industrialization adopted by African Heads of State and Government shall serve as an integral framework for the future UNIDO strategy, policy and action for Africa, and particularly for its least developed countries.

Annex

DECLARATION ON AFRICA'S INDUSTRIALIZATION

Adopted by the Organization of African Unity Assembly of Heads of State and Government, Harare, Zimbabwe (2-4 June 1997)

The Assembly of Heads of State and Government of the Organization of African Unity, meeting in its Thirty-third Ordinary Session in Harare, Zimbabwe from 2-4 June 1997,

Conscious of the important role of industrialization in the economic transformation of a nation, and noting with concern the precarious state of African industries,

Recalling the motion of support for the United Nations Industrial Development Organization adopted by the Thirty-first Assembly of OAU Heads of State and Government held in Addis Ababa, Ethiopia in June 1995, and the Abidjan Declaration of October, 1996 establishing the Alliance for Africa's Industrialization,

Conscious of the need to involve the donor community and the other United Nations agencies in the formulation and implementation of the Alliance Programmes:

1. **DECIDES** to redouble efforts to promote sustainable industrial developments to overcome major economic and social constraints and achieve a greater stake in the global market place as called for in the Lagos Plan of Action and the Abuja Treaty Establishing the African Economic Community;
2. **REAFFIRMS** its belief that without sustainable industrial development, African economies will be condemned to persistent economic crisis, dependence on humanitarian relief and deepening poverty, despair and political unrest with dire consequences for global peace and stability;
3. **NOTES WITH APPRECIATION** the significant role played by the United Nations Industrial Development Organization, in harnessing the joint forces of government and the private sector to foster competitive industrial production, develop international industrial partnerships and promote socially equitable and environmentally friendly industrial development;
4. **IS APPRECIATIVE** of the significant reforms undertaken by UNIDO in recent years and **CALLS** on the international community and partners in development to strengthen the Organization and maintain it as the UN specialized agency focusing on promoting industrial development through institutional capacity building, investments, environmentally friendly technologies, skills enhancement and facilitating partnerships and initiatives to support global industrial cooperation in developing countries and countries in transition;
5. **TAKES NOTE** of the findings and recommendations of the mid-term evaluation of the Second Industrial Development Decade (IDDA-II) Programme, and **ADOPTS** the Plan of Action of the Alliance for Africa's Industrialization as the implementation mechanism for a refocused IDDA-II Programme;
6. **CALLS ON** Member States and the Regional Economic Communities, with the full involvement of the African private sector and with the technical support of UNIDO and other relevant international organizations, to elaborate national and regional plans of action for the Alliance;
7. **APPROVES** the creation of a Patron Group of Africa's Industrialization, consisting of five Heads of State and Government;
8. **APPROVES** the creation of a Steering Committee—including its structure, composition, technical committees and supporting secretariat, to coordinate and guide the activities of the Alliance and develop strategies to promote the Alliance in Africa, in other developing regions and in developed countries;
9. **INVITES** each African country to take appropriate measures at the national level to incorporate the objectives of the Alliance in multilateral as well as bilateral cooperation programmes;
10. **REQUESTS** the Director-General of UNIDO, in cooperation with the Executive Secretary of the ECA and the Secretary-General of OAU, to organize preferably by the end of 1998, a meeting of donors under the leadership of the African Development Bank, in cooperation with the World Bank, the European Union and the United Nations Development Programme, as well as the other donors, in order to decide on the measures to be taken for financing programmes elaborated in the framework of the Plan of Action for the Alliance for Africa's Industrialization.